

SENATE NATURAL RESOURCES
BILL NO. 3
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BILL NO. SB558**Utility bill's another bolt from the blue - Tuesday, March 20, 2007**[Print Page](#)**SUMMARY:** Another major utility bill at the 11th hour? Puh-lease!

A bid by a handful of Montana cities to take over the state's largest private utility fizzled last year. The poorly-thought-out venture known as Montana Public Power Inc. lost out in the bidding for NorthWestern Energy, which serves more than 300,000 Montana homes and businesses. The Montana Public Service Commission now is considering whether to approve the utility purchase by Australia-based Babcock & Brown Infrastructure.

Now comes a new development. State Sen. Greg Lind, D-Missoula, late last week and very late in a chaotic legislative session introduced a bill to create a new Montana Electric and Gas Authority to acquire a public utility and get into the gas and electricity business. This is a new iteration of the problematic proposal advanced by the cities in 2005 and 2006.

Lind's bill attempts to address at least a couple of the fatal flaws that plagued the previous proposal. The cities' attempt to takeover NorthWestern represented the actions of a very few locally elected officials, but their plan had huge potential implications for the whole state. Although authorized by the cities, Montana Public Power actually was a private company largely unaccountable to voters. The scheme also promised to eliminate effective regulation of power rates by the PSC.

The issue of rate regulation remains. Although the new proposal attempts to establish PSC authority to regulate rates, it can't really work if the owners (taxpayers) are the same as the ratepayers. Any expense denied by the PSC would simply come out of the same people's pockets. By contrast, when the PSC refuses to raise rates for a private utility, that utility's shareholders take the hit.

This new scheme at least starts in the right place - the Legislature. Nothing of this sort should be contemplated without the consent of the people, which only can be expressed through the Legislature or an initiative.

But why in the world is it only now - nearly two-thirds the way through the 2007 legislative session, with the entire Legislature consumed by a horrendous budget battle, that the Montana Electric and Gas Authority appears? This is the kind of thing people need to do with their eyes open. It's a highly debatable venture, no matter what your political bent. This is the kind of legislation that ought to be preceded by months of public discussion.

It's impossible to regard the introduction of this bill without remembering the last time the Legislature entertained a major utility bill so late in a session - too late for careful review, thorough public understanding and careful deliberation. That was in 1997, the year the Legislature hastily - far too hastily - attempted to deregulate the electricity industry and wound up creating a raft of unintended consequences.

We're not suggesting the utility situation in Montana can't bear improving. It might. Dubious, however, is the notion that public ownership alone is the answer. We'd be a little more receptive to at least talking

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